

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2010

George, Bowerman, & Noel, P.A.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Rose Hill Unified School District No. 394
Rose Hill, Kansas

We have audited the accompanying financial statements of Rose Hill Unified School District No. 394, as of and for the year ended June 30, 2010, and the individual fund financial statements of the District as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of Rose Hill Unified School District No. 394, management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of the Rose Hill Education Foundation component unit have not been audited, and we were not engaged to audit the Rose Hill Education Foundation financial statements as part of our audit of the District's financial statements. The Rose Hill Education Foundation's financial statements are included in the District's financial statements as a discretely presented component unit and represent less than 1 percent of the cash receipts and cash disbursements, and 6% of the ending unencumbered cash balance and ending cash balance, of the District's aggregate discretely presented component units.

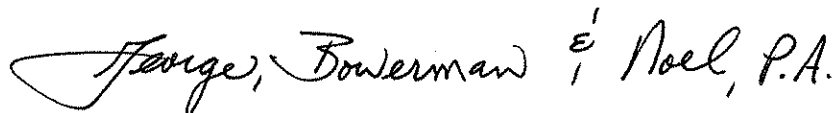
As described in Note 1, Rose Hill Unified School District No. 394, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the District's policy to prepare its financial statements on the basis of accounting as discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Rose Hill Unified School District No. 394, as of June 30, 2010, or the results of its operations for the year then ended.

However, in our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of Rose Hill Unified School District No. 394, as of June 30, 2010, and its cash receipts, cash disbursements and expenditures compared to budget, for the year then ended on the basis of accounting described in Note 1. Also, in our opinion, the individual fund financial statements as of and for the year ended June 30, 2010, present fairly, in all material respects, the unencumbered cash balances and cash receipts and expenditures, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2011, on our consideration of Rose Hill Unified School District No. 394's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rose Hill Unified School District No. 394's financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads "George Bowerman & Noel, P.A.".

Wichita, Kansas
January 27, 2011

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

For the year ended June 30, 2010

| | Beginning Unencumbered Cash Balance (Deficit) | Prior Year Canceled Encum- brances | Cash Receipts | Expenditures | Ending Unencumbered Cash Balance (Deficit) | Add Outstanding Encumbrances and Accounts Payable | Ending Cash Balance (Deficit) |
|-----------------------------|--|--|------------------|--------------|---|---|-------------------------------------|
| General Funds: | | | | | | | |
| General Fund | \$ (748,082) | \$ — | \$ 9,821,157 | \$ 9,964,544 | \$ (891,469) * | \$ 927,973 | \$ 36,504 |
| Supplemental General | (270,062) | — | 3,065,391 | 3,140,910 | (345,581) * | 119,132 | (226,449) |
| Special Revenue Funds: | | | | | | | |
| Four Year Old At-Risk | 25,000 | — | 59,174 | 59,174 | 25,000 | 7,375 | 32,375 |
| At-Risk | — | — | 764,692 | 614,691 | 150,001 | 46,866 | 196,867 |
| Bilingual Education | — | — | 16,750 | 15,383 | 1,367 | 2,570 | 3,937 |
| Capital Outlay | 2,565,770 | — | 632,135 | 237,741 | 2,960,164 | 54,494 | 3,014,658 |
| Driver Training | 41,401 | — | 20,934 | 21,100 | 41,235 | 6,628 | 47,863 |
| Food Service | 170,844 | — | 636,673 | 652,926 | 154,591 | 1,009 | 155,600 |
| Professional Development | 52,005 | — | — | — | 52,005 | — | 52,005 |
| Parent Education | 30,003 | — | 58,290 | 58,383 | 29,910 | 2,059 | 31,969 |
| Special Education | 350,098 | — | 1,674,974 | 1,624,982 | 400,090 | 723 | 400,813 |
| Vocational Education | — | — | 409,038 | 407,922 | 1,116 | 43,017 | 44,133 |
| KPERs Special Retirement | | | | | | | |
| Contribution | — | — | 588,419 | 588,419 | — | — | — |
| Recreation Commission | 9,050 | — | 189,221 | 195,543 | 2,728 | — | 2,728 |
| Recreation Commission | | | | | | | |
| Employee Benefit and | | | | | | | |
| Special Liability | 672 | — | 30,782 | 31,199 | 255 | — | 255 |
| Federal Funds | — | — | 168,086 | 168,086 | — | 17,215 | 17,215 |
| Federal Funds Other | — | — | 1,000 | — | 1,000 | — | 1,000 |
| Textbook Rental and Student | | | | | | | |
| Materials | 321,632 | — | 115,593 | 157,588 | 279,637 | 20,244 | 299,881 |
| Contingency Reserve | 852,543 | — | 117,920 | — | 970,463 | — | 970,463 |
| Kids Klub | 2,188 | — | 101,513 | 91,817 | 11,884 | 3,982 | 15,866 |
| Gifts and Grants | 52,406 | — | 51,750 | 32,361 | 71,795 | 717 | 72,512 |
| Teacher of the Year | 2,643 | — | 12 | 200 | 2,455 | — | 2,455 |
| Memorials | 7,757 | — | 39 | 200 | 7,596 | — | 7,596 |
| Gate Receipts | 56,896 | — | 127,304 | 128,044 | 56,156 | 2,537 | 58,693 |
| Special Projects | 15,056 | — | 77,818 | 76,707 | 16,167 | — | 16,167 |
| Debt Service Funds: | | | | | | | |
| Bond and Interest | 1,430,317 | — | 2,061,946 | 2,029,745 | 1,462,518 | — | 1,462,518 |

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH (continued)

For the year ended June 30, 2010

| | <u>Beginning Unencumbered Cash Balance</u> | <u>Prior Year Canceled Encum- brances</u> | <u>Cash Receipts</u> | <u>Expenditures</u> | <u>Ending Unencumbered Cash Balance (Deficit)</u> | <u>Add Outstanding Encumbrances and Accounts Payable</u> | <u>Ending Cash Balance (Deficit)</u> |
|--|--|---|--------------------------|----------------------|---|--|--|
| Capital Project Fund: Construction | \$ — | \$ — | \$ 2,097,815 | \$ 2,084,709 | \$ 13,106 | \$ 208,471 | \$ 221,577 |
| Total Primary Government (excluding agency funds) | <u>4,968,137</u> | <u>—</u> | <u>22,888,426</u> | <u>22,382,374</u> | <u>5,474,189</u> | <u>1,465,012</u> | <u>6,939,201</u> |
| Component Units: | | | | | | | |
| Rose Hill Recreation Commission | 159,805 | — | 319,804 | 281,126 | 198,483 | 7,326 | 205,809 |
| Rose Hill Education Foundation | <u>12,452</u> | <u>—</u> | <u>1,541</u> | <u>340</u> | <u>13,653</u> | <u>—</u> | <u>13,653</u> |
| Total component units | <u>172,257</u> | <u>—</u> | <u>321,345</u> | <u>281,466</u> | <u>212,136</u> | <u>7,326</u> | <u>219,462</u> |
| Total Reporting Entity (excluding agency funds) | <u>\$ 5,140,394</u> | <u>\$ —</u> | <u>\$ 23,209,771</u> | <u>\$ 22,663,840</u> | <u>\$ 5,686,325</u> | <u>\$ 1,472,338</u> | <u>\$ 7,158,663</u> |

* – See Note 6 for cash basis exception and statutory presentation.

Composition of cash:

Rose Hill Bank, Rose Hill, Kansas:

| | |
|---|--------------|
| General checking now account | \$ 1,517,177 |
| Checking account – credit card clearing | 1,712 |
| Money market savings account | 5,106,538 |
| Money market savings account | 221,577 |
| District activity account | 94,983 |
| District office petty cash account | \$ 1,500 |
| High school petty cash account | 1,500 |
| Middle school petty cash account | 1,500 |
| Intermediate school petty cash account | 1,000 |
| Elementary school petty cash account | 1,000 |

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH (continued)

For the year ended June 30, 2010

Composition of cash (continued):

| | |
|--|---------------------|
| High school cafeteria change fund | \$ 665 |
| Library change fund | 120 |
| Teacher of the Year savings account | 2,455 |
| Memorial savings account | 4,228 |
| Memorial savings account | <u>3,368</u> |
| Total Rose Hill Bank | 6,959,323 |
| Municipal Investment Pool | <u>1</u> |
| Total Primary Government | 6,959,324 |
| Less Agency Funds | <u>(20,123)</u> |
| Total Primary Government (excluding agency funds) | <u>6,939,201</u> |
| Component Units: | |
| Rose Hill Bank, Rose Hill, Kansas: | |
| Rose Hill Recreation Commission – interest bearing checking account | 153,272 |
| Rose Hill Recreation Commission – certificate of deposit | 52,337 |
| Rose Hill Recreation Commission – cash on hand | 200 |
| Rose Hill Education Foundation – checking account | <u>13,653</u> |
| Total Component Units | <u>219,462</u> |
| Total Reporting Entity (excluding agency funds) | <u>\$ 7,158,663</u> |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
(BUDGETED FUNDS ONLY)

For the year ended June 30, 2010

| | <u>Certified Budget</u> | <u>Adjustment to Comply with Legal Maximum</u> | <u>Adjustment for Qualifying Budget Credits</u> | <u>Total Budget for Comparison</u> | <u>Expenditures Chargeable to Current Year</u> | <u>Variance - Favorable (Unfavorable)</u> |
|--------------------------------|-----------------------------|--|---|--|--|---|
| General Fund | \$ 9,878,556 | \$ (173,929) | \$ 259,917 | \$ 9,964,544 | \$ 9,964,544 | \$ - |
| Special Revenue Funds: | | | | | | |
| Supplemental General | 3,140,910 | - | - | 3,140,910 | 3,140,910 | - |
| Four Year Old At-Risk | 70,000 | - | - | 70,000 | 59,174 | 10,826 |
| At-Risk | 693,500 | - | - | 693,500 | 614,691 | 78,809 |
| Bilingual Education | 30,000 | - | - | 30,000 | 15,383 | 14,617 |
| Capital Outlay | 3,442,297 | - | - | 3,422,297 | 237,741 | 3,184,556 |
| Driver Training | 38,850 | - | - | 38,850 | 21,100 | 17,750 |
| Food Service | 670,000 | - | - | 670,000 | 652,926 | 17,074 |
| Professional Development | 52,005 | - | - | 52,005 | - | 52,005 |
| Parent Education | 76,300 | - | - | 76,300 | 58,383 | 17,917 |
| Special Education | 1,770,000 | - | - | 1,770,000 | 1,624,982 | 145,018 |
| Vocational Education | 456,000 | - | - | 456,000 | 407,922 | 48,078 |
| KPERS Special Retirement | | | | | | |
| Contribution | 688,752 | - | - | 688,752 | 588,419 | 100,333 |
| Recreation Commission General | 195,543 | - | - | 195,543 | 195,543 | - |
| Recreation Commission Employee | | | | | | |
| Benefit and Special Liability | 31,200 | - | - | 31,200 | 31,199 | 1 |
| Federal Funds | 232,587 | - | - | 232,587 | 168,086 | 64,501 * |
| Debt Service Fund: | | | | | | |
| Bond and Interest | 2,029,745 | - | - | 2,029,745 | 2,029,745 | - |

* - Per K.S.A. 12-1663 federal aid may be expended without regard to budget limitations.

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

GENERAL FUND

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
- ACTUAL AND BUDGET**

| | Year ended June 30, | | | |
|--|---------------------|-----------------------|---------------------|----------------------------|
| | 2010 | | | Variance |
| | 2009 | Actual | Budget | favorable (unfavorable) |
| | Actual | | | |
| Cash receipts: | | | | |
| Taxes and shared revenues: | | | | |
| Ad valorem property tax | \$ 963,700 | \$ 982,839 | \$ 968,510 | \$ 14,329 |
| Delinquent tax | 23,928 | 27,687 | 16,154 | 11,533 |
| General state aid | 8,296,673 | 6,922,389 | 7,286,024 | (363,635) |
| Special Education state aid | 1,297,380 | 1,171,457 | 1,151,000 | 20,457 |
| ARRA Stabilization Funds | - | 456,868 | 456,868 | - |
| Machinery & Equipment state aid | 2,907 | - | - | - |
| Reimbursed expenditures | <u>209,854</u> | <u>259,917</u> | <u>-</u> | <u>259,917</u> |
| Total cash receipts | <u>10,794,442</u> | <u>9,821,157</u> | <u>\$ 9,878,556</u> | <u>\$ (57,399)</u> |
| Expenditures and transfers: | | | | |
| Instruction | 5,426,056 | 5,209,143 | \$ 5,171,277 | \$ (37,866) |
| Student support services | 435,723 | 465,933 | 434,700 | (31,233) |
| Instructional support services | 379,171 | 361,679 | 344,600 | (17,079) |
| General administration | 27,542 | 36,640 | 23,000 | (13,640) |
| School administration | 726,487 | 717,620 | 787,900 | 70,280 |
| Operations and maintenance | 714,119 | 676,801 | 668,596 | (8,205) |
| Student transportation services | 387,090 | 336,423 | 373,383 | 36,960 |
| Other supplemental services | 278,492 | 225,457 | 223,650 | (1,807) |
| Architectural and engineering services | 40,708 | - | - | - |
| Transfers out | <u>2,285,386</u> | <u>1,934,848</u> | <u>1,677,521</u> | <u>(257,327)</u> |
| Total General Fund legal expenditures | 10,700,774 | 9,964,544 | 9,704,627 | (259,917) |
| Adjustment for qualifying budget credits | <u>-</u> | <u>-</u> | <u>259,917</u> | <u>259,917</u> |
| Total expenditures and transfers | <u>10,700,774</u> | <u>9,964,544</u> | <u>\$ 9,964,544</u> | <u>\$ -</u> |
| Expenditures and transfers over cash receipts | 93,668 | (143,388) | | |
| Unencumbered cash balance (deficit), beginning of year | <u>(841,750)</u> | <u>(748,082)</u> | | |
| Unencumbered cash balance (deficit), end of year | <u>\$ (748,082)</u> | <u>\$ (891,469) *</u> | | |

* - See Note 6 for cash basis exception and statutory presentation.

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

SUPPLEMENTAL GENERAL FUND

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
– ACTUAL AND BUDGET**

| | Year ended June 30, | | | |
|------------------------------|---------------------|-----------------------|---------------------|--|
| | 2010 | | | |
| | 2009 | | | Variance |
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | <u>favorable</u> <u>(unfavorable)</u> |
| Cash receipts: | | | | |
| Taxes and shared revenues: | | | | |
| Ad valorem property tax | \$ 929,848 | \$ 954,160 | \$ 893,899 | \$ 60,261 |
| Delinquent tax | 22,886 | 26,466 | 33,506 | (7,040) |
| Motor vehicle and 16/20 | | | | |
| truck tax | 162,884 | 154,168 | 164,942 | (10,774) |
| Recreational vehicle tax | 3,282 | 3,307 | 3,325 | (18) |
| Supplemental State Aid | 1,860,428 | 1,437,869 | 1,940,046 | (502,177) |
| Machinery and equipment | | | | |
| State Aid | 2,488 | – | – | – |
| ARRA Stabilization funds | – | 489,421 | – | 489,421 |
| Total cash receipts | <u>2,981,816</u> | <u>3,065,391</u> | <u>\$ 3,035,718</u> | <u>\$ 29,673</u> |
| Expenditures: | | | | |
| Instruction | 415,964 | 629,211 | \$ 227,053 | \$ (402,158) |
| Student support services | 51,500 | 28,905 | 61,500 | 32,595 |
| Instructional support staff | 138,256 | 58,167 | 131,250 | 73,083 |
| General administration | 221,473 | 195,810 | 223,507 | 27,697 |
| School administration | 16,582 | 72,453 | 18,000 | (54,453) |
| Operations and maintenance | 921,492 | 796,297 | 930,500 | 134,203 |
| Student transportation | 1,434 | 9,199 | 12,000 | 2,801 |
| Other supplemental services | 23,901 | 52,094 | 21,100 | (30,994) |
| Community services | 6,245 | 12,633 | 12,000 | (633) |
| Transfers out | <u>1,371,060</u> | <u>1,286,141</u> | <u>1,504,000</u> | <u>217,859</u> |
| Total expenditures | <u>3,167,907</u> | <u>3,140,910</u> | <u>\$ 3,140,910</u> | <u>\$ –</u> |
| Cash receipts over (under) | | | | |
| expenditures | (186,091) | (75,519) | | |
| Unencumbered cash balance | | | | |
| (deficit), beginning of year | <u>(83,971)</u> | <u>(270,062)</u> | | |
| Unencumbered cash balance | | | | |
| (deficit), end of year | <u>\$ (270,062)</u> | <u>\$ (345,581) *</u> | | |

* – See Note 6 for cash basis exception and statutory presentation.

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

FOUR YEAR OLD AT-RISK FUND

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
- ACTUAL AND BUDGET**

| | Year ended June 30, | | | |
|--|------------------------------|------------------|------------------|---|
| | | <u>2010</u> | | |
| | <u>2009</u> <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | Variance favorable (unfavor- able) |
| Cash receipts and transfers: | | | | |
| Transfers in | \$ 25,000 | \$ 59,174 | <u>\$ 45,000</u> | <u>\$ 14,174</u> |
| Expenditures: | | | | |
| Instruction | <u>—</u> | <u>59,174</u> | <u>\$ 70,000</u> | <u>\$ 10,826</u> |
| Cash receipts and transfers over expenditures | 25,000 | — | | |
| Unencumbered cash balance, beginning of year | <u>—</u> | <u>25,000</u> | | |
| Unencumbered cash balance, end of year | <u>\$ 25,000</u> | <u>\$ 25,000</u> | | |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

AT-RISK FUND

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
- ACTUAL AND BUDGET**

| | Year ended June 30, | | | |
|--|-----------------------|-------------------|-------------------|---------------------------------|
| | 2010 | | | Variance |
| | 2009 <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | favorable (unfavor- able) |
| Cash receipts and transfers: | | | | |
| Miscellaneous | \$ 9,720 | \$ 1,140 | \$ 3,500 | \$ (2,360) |
| Transfers in | <u>668,514</u> | <u>763,552</u> | <u>690,000</u> | <u>73,552</u> |
| Total cash receipts and transfers | <u>678,234</u> | <u>764,692</u> | <u>\$ 693,500</u> | <u>\$ 71,192</u> |
| Expenditures: | | | | |
| Instruction | 676,769 | 614,419 | \$ 690,523 | \$ 76,104 |
| Instructional support services | 240 | - | 775 | 775 |
| School administration | <u>1,225</u> | <u>272</u> | <u>2,202</u> | <u>1,930</u> |
| Total expenditures | <u>678,234</u> | <u>614,691</u> | <u>\$ 693,500</u> | <u>\$ 78,809</u> |
| Cash receipts and transfers over expenditures | - | 150,001 | | |
| Unencumbered cash balance, beginning of year | <u>-</u> | <u>-</u> | | |
| Unencumbered cash balance, end of year | <u>\$ -</u> | <u>\$ 150,001</u> | | |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

BILINGUAL EDUCATION FUND

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
- ACTUAL AND BUDGET**

| | Year ended June 30, | | | |
|--|-----------------------|-----------------|------------------|---|
| | 2010 | | | |
| | 2009 <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | Variance favorable (unfavor- able) |
| Cash receipts and transfers: | | | | |
| Transfers in | \$ 13,852 | \$ 16,750 | <u>\$ 15,000</u> | <u>\$ 1,750</u> |
| Expenditures: | | | | |
| Instruction | <u>14,305</u> | <u>15,383</u> | <u>\$ 15,000</u> | <u>\$ (383)</u> |
| Cash receipts and transfers over (under) expenditures | (453) | 1,367 | | |
| Unencumbered cash balance, beginning of year | <u>453</u> | <u>—</u> | | |
| Unencumbered cash balance, end of year | <u>\$ —</u> | <u>\$ 1,367</u> | | |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

CAPITAL OUTLAY FUND

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
- ACTUAL AND BUDGET**

| | Year ended June 30, | | | |
|---|---------------------|------------------|---------------------|---------------------|
| | 2010 | | | Variance |
| | 2009 | Actual | Budget | favorable |
| | Actual | | | (unfavor- able) |
| Cash receipts and transfers: | | | | |
| Taxes and shared revenues: | | | | |
| Ad valorem property tax | \$ 219,671 | \$ 243,653 | \$ 240,170 | \$ 3,483 |
| Delinquent tax | 6,783 | 7,188 | 3,649 | 3,539 |
| Motor vehicle and 16/20M truck tax | 32,466 | 44,252 | 55,077 | (10,825) |
| Recreational vehicle tax | 650 | 957 | 1,110 | (153) |
| State aid | 111,779 | — | 5,000 | (5,000) |
| Machinery and equipment state aid | 305 | — | — | — |
| Interest | 115,211 | 77,236 | 115,000 | (37,764) |
| Miscellaneous | 7,406 | 13,439 | — | 13,439 |
| Transfers in | <u>518,804</u> | <u>245,410</u> | <u>436,521</u> | <u>(191,111)</u> |
| Total cash receipts and transfers | <u>1,013,075</u> | <u>632,135</u> | <u>\$ 856,527</u> | <u>\$ (224,392)</u> |
| Expenditures: | | | | |
| Instruction | 38,828 | 22,979 | \$ 255,000 | \$ 232,021 |
| Student support services | — | — | 200,000 | 200,000 |
| Instructional support staff | — | — | 200,000 | 200,000 |
| General administration | — | 2,064 | 200,000 | 197,936 |
| School administration | — | — | 200,000 | 200,000 |
| Central support services | — | — | 200,000 | 200,000 |
| Operations and maintenance | — | — | 610,000 | 610,000 |
| Transportation services | — | 738 | 250,000 | 249,262 |
| Other support services | — | — | 50,000 | 50,000 |
| Facilities acquisition and construction services | <u>150,632</u> | <u>211,960</u> | <u>1,257,297</u> | <u>1,045,337</u> |
| Total expenditures | <u>189,460</u> | <u>237,741</u> | <u>\$ 3,422,297</u> | <u>\$ 3,184,556</u> |
| Cash receipts and transfers over expenditures | 823,615 | 394,395 | | |
| Unencumbered cash balance, beginning of year | <u>1,742,155</u> | <u>2,565,770</u> | | |
| Unencumbered cash balance, end of year | \$ 2,565,770 | \$ 2,960,165 | | |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

DRIVER TRAINING FUND

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
- ACTUAL AND BUDGET**

| | Year ended June 30, | | | |
|---|---------------------|------------------|------------------|------------------|
| | 2010 | | | Variance |
| | 2009 | Actual | Budget | favorable |
| | <u>Actual</u> | | | (unfavorable) |
| Cash receipts: | | | | |
| Fees | \$ 14,586 | \$ 11,466 | \$ 15,000 | \$ (3,534) |
| State aid | 3,382 | 3,550 | 3,500 | 50 |
| Transfer in | <u>—</u> | <u>5,918</u> | <u>—</u> | <u>5,918</u> |
| Total cash receipts | <u>17,968</u> | <u>20,934</u> | <u>\$ 18,500</u> | <u>\$ 2,434</u> |
| Expenditures: | | | | |
| Instruction | 15,765 | 17,988 | \$ 31,600 | \$ 13,612 |
| Instructional support staff | — | 20 | 250 | 230 |
| Operations and maintenance | <u>3,410</u> | <u>3,092</u> | <u>7,000</u> | <u>3,908</u> |
| Total expenditures | <u>19,175</u> | <u>21,100</u> | <u>\$ 38,850</u> | <u>\$ 17,750</u> |
| Expenditures over cash receipts | (1,207) | (166) | | |
| Unencumbered cash balance, beginning of year | <u>42,608</u> | <u>41,401</u> | | |
| Unencumbered cash balance, end of year | <u>\$ 41,401</u> | <u>\$ 41,235</u> | | |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

FOOD SERVICE FUND

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
- ACTUAL AND BUDGET**

| | Year ended June 30, | | | |
|--|---------------------|-------------------|-------------------|------------------|
| | 2010 | | | Variance |
| | 2009 | | | favorable |
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | (unfavorable) |
| Cash receipts: | | | | |
| Charges for services | \$ 378,747 | \$ 375,335 | \$ 384,551 | \$ (9,216) |
| Federal and state aid | 203,649 | 256,719 | 219,328 | 37,391 |
| Miscellaneous | <u>8,333</u> | <u>4,619</u> | <u>7,500</u> | <u>(2,881)</u> |
| Total cash receipts | <u>590,729</u> | <u>636,673</u> | <u>\$ 611,379</u> | <u>\$ 25,294</u> |
| Expenditures: | | | | |
| Operations and Maintenance | 3,891 | 55,171 | \$ 7,000 | \$ (48,171) |
| Food service | <u>541,465</u> | <u>597,755</u> | <u>663,000</u> | <u>65,245</u> |
| Total expenditures | <u>545,356</u> | <u>652,926</u> | <u>\$ 670,000</u> | <u>\$ 17,074</u> |
| Cash receipts over (under) expenditures | 45,373 | (16,253) | | |
| Unencumbered cash balance, beginning of year | <u>125,471</u> | <u>170,844</u> | | |
| Unencumbered cash balance, end of year | <u>\$ 170,844</u> | <u>\$ 154,591</u> | | |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

PROFESSIONAL DEVELOPMENT FUND

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
- ACTUAL AND BUDGET**

| | Year ended June 30, | | | |
|---|-----------------------|------------------|------------------|---|
| | 2010 | | | |
| | 2009 <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | Variance favorable (unfavor- able) |
| Cash receipts and transfers in: | | | | |
| State aid | \$ — | \$ — | <u>\$ —</u> | <u>\$ —</u> |
| Expenditures: | | | | |
| Instructional support services | <u> 707</u> | <u> —</u> | <u>\$ 52,005</u> | <u>\$ 52,005</u> |
| Expenditures over cash receipts and transfers in | (707) | — | | |
| Unencumbered cash balance, beginning of year | <u> 52,712</u> | <u> 52,005</u> | | |
| Unencumbered cash balance, end of year | <u>\$ 52,005</u> | <u>\$ 52,005</u> | | |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

PARENT EDUCATION FUND

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
– ACTUAL AND BUDGET**

| | Year ended June 30, | | | |
|--|---------------------|------------------|------------------|---|
| | | 2010 | | |
| | 2009 | <u>Actual</u> | <u>Budget</u> | Variance favorable (unfavor- able) |
| | <u>Actual</u> | | | |
| Cash receipts and transfers: | | | | |
| State aid | \$ 33,190 | \$ 33,563 | \$ 33,563 | \$ – |
| Transfers in | <u>41,946</u> | <u>24,727</u> | <u>20,000</u> | <u>4,727</u> |
| Total cash receipts and transfers | <u>75,136</u> | <u>58,290</u> | <u>\$ 53,563</u> | <u>\$ 4,727</u> |
| Expenditures: | | | | |
| Student support services | 58,017 | 56,589 | \$ 71,300 | \$ 14,711 |
| Instructional support staff | <u>122</u> | <u>1,794</u> | <u>5,000</u> | <u>3,206</u> |
| Total expenditures | <u>58,139</u> | <u>58,383</u> | <u>\$ 76,300</u> | <u>\$ 17,917</u> |
| Cash receipts and transfers over (under) expenditures | 16,997 | (93) | | |
| Unencumbered cash balance, beginning of year | <u>13,006</u> | <u>30,003</u> | | |
| Unencumbered cash balance, end of year | <u>\$ 30,003</u> | <u>\$ 29,910</u> | | |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

SPECIAL EDUCATION FUND

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
- ACTUAL AND BUDGET**

| | Year ended June 30, | | | |
|--|-----------------------|-------------------|---------------------|---|
| | | 2010 | | |
| | 2009 <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | Variance favorable (unfavor- able) |
| Cash receipts and transfers: | | | | |
| Miscellaneous | \$ 8,290 | \$ 72,735 | \$ 7,500 | \$ 65,235 |
| Transfers in | <u>1,782,136</u> | <u>1,602,239</u> | <u>1,551,000</u> | <u>51,239</u> |
| Total cash receipts and transfers | <u>1,790,426</u> | <u>1,674,974</u> | <u>\$ 1,558,500</u> | <u>\$ 116,474</u> |
| Expenditures: | | | | |
| Instruction | 1,574,372 | 1,452,194 | \$ 1,394,727 | \$ (57,467) |
| Student support services | 16,025 | 15,176 | 56,275 | 41,099 |
| Student transportation services | <u>147,469</u> | <u>157,612</u> | <u>318,998</u> | <u>161,386</u> |
| Total expenditures | <u>1,727,866</u> | <u>1,624,982</u> | <u>\$ 1,770,000</u> | <u>\$ 145,018</u> |
| Cash receipts and transfers over expenditures | 52,560 | 49,992 | | |
| Unencumbered cash balance, beginning of year | <u>297,538</u> | <u>350,098</u> | | |
| Unencumbered cash balance, end of year | <u>\$ 350,098</u> | <u>\$ 400,090</u> | | |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

VOCATIONAL EDUCATION FUND

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
- ACTUAL AND BUDGET**

| | Year ended June 30, | | | |
|--|-----------------------|-----------------|-------------------|---|
| | 2010 | | | |
| | 2009 <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | Variance favorable (unfavor- able) |
| Cash receipts and transfers: | | | | |
| Federal grants | \$ — | \$ 8,700 | \$ 15,000 | \$ (6,300) |
| Miscellaneous | 16,097 | 15,039 | 17,000 | (1,961) |
| Transfers in | <u>394,267</u> | <u>385,299</u> | <u>424,000</u> | <u>(38,701)</u> |
| Total cash receipts and transfers | 410,364 | 409,038 | <u>\$ 456,000</u> | <u>\$ (46,962)</u> |
| Expenditures: | | | | |
| Instruction | <u>410,364</u> | <u>407,922</u> | <u>\$ 456,000</u> | <u>\$ 48,078</u> |
| Cash receipts and transfers over expenditures | — | 1,116 | | |
| Unencumbered cash balance, beginning of year | <u>—</u> | <u>—</u> | | |
| Unencumbered cash balance, end of year | <u>\$ —</u> | <u>\$ 1,116</u> | | |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394
KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES
- ACTUAL AND BUDGET

| | Year ended June 30, | | | |
|---|---------------------|----------------|-------------------|-------------------|
| | 2010 | | | Variance |
| | 2009 | | | favorable |
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | (unfavorable) |
| Cash receipts: | | | | |
| State sources | \$ 583,689 | \$ 588,419 | \$ 688,752 | \$ (100,333) |
| Expenditures: | | | | |
| Instruction | 374,493 | 382,290 | \$ 442,110 | \$ 59,820 |
| Student Support | 29,384 | 30,287 | 35,387 | 5,100 |
| Instructional Support | 24,614 | 22,089 | 28,735 | 6,646 |
| General Administration | 9,618 | 10,749 | 14,593 | 3,844 |
| School Administration | 41,495 | 42,890 | 57,978 | 15,088 |
| Other Support Services | 17,241 | 13,319 | 18,017 | 4,698 |
| Operations & Maintenance | 39,183 | 40,777 | 50,817 | 10,040 |
| Student Transportation | 22,890 | 21,711 | 18,016 | (3,695) |
| Food Service | 17,112 | 15,747 | 23,099 | 7,352 |
| Community Services | 7,659 | 8,560 | — | (8,560) |
| Total expenditures | <u>583,689</u> | <u>588,419</u> | <u>\$ 688,752</u> | <u>\$ 100,333</u> |
| Cash receipts over expenditures | — | — | | |
| Unencumbered cash balance, beginning of year | <u>—</u> | <u>—</u> | | |
| Unencumbered cash balance, end of year | <u>\$ —</u> | <u>\$ —</u> | | |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

RECREATION COMMISSION FUND

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
– ACTUAL AND BUDGET**

| | Year ended June 30, | | | |
|--|---------------------|-----------------|-------------------|-----------------|
| | 2010 | | | Variance |
| | 2009 | | | favorable |
| | <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | (unfavorable) |
| Cash receipts: | | | | |
| Taxes and shared revenues: | | | | |
| Ad valorem property tax | \$153,305 | \$157,008 | \$ 154,315 | \$ 2,693 |
| Delinquent tax | 4,095 | 4,565 | 2,567 | 1,998 |
| Motor vehicle and 16/20M truck tax | 28,893 | 27,065 | 29,025 | (1,960) |
| Recreational vehicle tax | 579 | 583 | 586 | (3) |
| Machinery and equipment state aid | 366 | — | — | — |
| Total cash receipts | 187,238 | 189,221 | <u>\$ 186,493</u> | <u>\$ 2,728</u> |
| Expenditures: | | | | |
| Community service | <u>183,825</u> | <u>195,543</u> | <u>\$ 195,543</u> | <u>\$ —</u> |
| Cash receipts over (under) expenditures | 3,413 | (6,322) | | |
| Unencumbered cash balance, beginning of year | <u>5,637</u> | <u>9,050</u> | | |
| Unencumbered cash balance, end of year | <u>\$ 9,050</u> | <u>\$ 2,728</u> | | |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

**RECREATION COMMISSION EMPLOYEE BENEFIT
AND SPECIAL LIABILITY FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
– ACTUAL AND BUDGET**

| | Year ended June 30, | | | |
|---|-----------------------|---------------|------------------|---|
| | 2010 | | | |
| | 2009 <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | Variance favorable (unfavor- able) |
| Cash receipts: | | | | |
| Taxes and shared revenues: | | | | |
| Ad valorem property tax | \$ 27,477 | \$ 26,176 | \$ 25,723 | 453 |
| Delinquent tax | 723 | 775 | 461 | 314 |
| Motor vehicle and 16/20M truck tax | 5,593 | 3,752 | 4,743 | (991) |
| Recreational vehicle tax | 116 | 79 | 95 | (16) |
| Machinery and equipment state aid | <u>33</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Total cash receipts | 33,942 | 30,782 | <u>\$ 31,022</u> | <u>\$ (240)</u> |
| Expenditures: | | | | |
| Community service | <u>34,010</u> | <u>31,199</u> | <u>\$ 31,200</u> | <u>\$ 1</u> |
| Expenditures over cash receipts | (68) | (417) | | |
| Unencumbered cash balance, beginning of year | <u>740</u> | <u>672</u> | | |
| Unencumbered cash balance, end of year | <u>\$ 672</u> | <u>\$ 255</u> | | |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

FEDERAL FUNDS FUND

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
– ACTUAL AND BUDGET**

| | Year ended June 30, | | | |
|---|---------------------|----------------|-------------------|----------------------------|
| | 2010 | | | Variance |
| | 2009 | Actual | Budget | favorable (unfavorable) |
| | <u>Actual</u> | | | <u>able</u> |
| Cash receipts: | | | | |
| Taxes and shared revenues: | | | | |
| Title I | \$ 113,745 | \$ 119,421 | \$ 185,313 | \$ (65,892) |
| Title II | 43,456 | 43,341 | 43,485 | (144) |
| Title III | — | 1,535 | — | 1,535 |
| Title IV | <u>3,864</u> | <u>3,789</u> | <u>3,789</u> | <u>—</u> |
| Total cash receipts | <u>161,065</u> | <u>168,086</u> | <u>\$ 232,587</u> | <u>\$ (64,501)</u> |
| Expenditures: | | | | |
| Instruction | 122,187 | 125,439 | \$ 172,587 | \$ 47,148 |
| Instructional support staff | 38,878 | 41,739 | 60,000 | 18,261 |
| Operations & Maintenance | <u>—</u> | <u>908</u> | <u>—</u> | <u>(908)</u> |
| Total expenditures | <u>161,065</u> | <u>168,086</u> | <u>\$ 232,587</u> | <u>\$ 64,501 *</u> |
| Cash receipts over expenditures | — | — | | |
| Unencumbered cash balance, beginning of year | <u>—</u> | <u>—</u> | | |
| Unencumbered cash balance, end of year | <u>\$ —</u> | <u>\$ —</u> | | |

* – Per K.S.A. 12-1663 federal aid may be expended without regard to budget limitations.

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

FEDERAL FUNDS OTHER

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

| | <u>Year ended June 30,</u> | |
|--|----------------------------|--------------------|
| | <u>2010</u> | <u>2009</u> |
| Cash receipts: | | |
| Federal funds | \$ <u>1,000</u> | \$ <u>—</u> |
| Expenditures: | | |
| Instruction | <u>—</u> | <u>—</u> |
| Cash receipts over expenditures | <u>1,000</u> | <u>—</u> |
| Unencumbered cash balance, beginning of year | <u>—</u> | <u>—</u> |
| Unencumbered cash balance, end of year | <u><u>\$ 1,000</u></u> | <u><u>\$ —</u></u> |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394
TEXTBOOK RENTAL AND STUDENT MATERIALS FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

| | <u>Year ended June 30,</u> | |
|---|----------------------------|-------------------|
| | <u>2010</u> | <u>2009</u> |
| Cash receipts and transfers: | | |
| Rental fees and sales | \$ <u>115,593</u> | \$ <u>170,780</u> |
| Expenditures: | | |
| Instruction | <u>146,424</u> | <u>96,350</u> |
| Instructional support staff | <u>11,164</u> | <u>12,588</u> |
| Total expenditures | <u>157,588</u> | <u>108,938</u> |
| Cash receipts and transfers over (under) expenditures | (41,995) | 61,842 |
| Unencumbered cash balance, beginning of year | <u>321,632</u> | <u>259,790</u> |
| Unencumbered cash balance, end of year | <u>\$ 279,637</u> | <u>\$ 321,632</u> |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394
CONTINGENCY RESERVE FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

| | <u>Year ended June 30,</u> | |
|---|----------------------------|-------------------|
| | <u>2010</u> | <u>2009</u> |
| Cash receipts and transfers: | | |
| Transfers in | \$ 117,920 | \$ 211,927 |
| Expenditures: | | |
| Instruction | <u>—</u> | <u>—</u> |
| Cash receipts and transfers over expenditures | 117,920 | 211,927 |
| Unencumbered cash balance, beginning of year | <u>852,543</u> | <u>640,616</u> |
| Unencumbered cash balance, end of year | <u>\$ 970,463</u> | <u>\$ 852,543</u> |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

KIDS KLUB FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

| | <u>Year ended June 30,</u> | |
|--|----------------------------|-----------------|
| | <u>2010</u> | <u>2009</u> |
| Cash receipts: | | |
| Charges for services | \$101,513 | \$118,795 |
| Expenditures: | | |
| Other support services | <u>91,817</u> | <u>162,329</u> |
| Cash receipts over (under) expenditures | 9,696 | (43,534) |
| Unencumbered cash balance, beginning of year | <u>2,188</u> | <u>45,722</u> |
| Unencumbered cash balance, end of year | <u>\$ 11,884</u> | <u>\$ 2,188</u> |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394
GIFTS AND GRANTS FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

| | <u>Year ended June 30,</u> | |
|--|----------------------------|------------------|
| | <u>2010</u> | <u>2009</u> |
| Cash receipts: | | |
| Gifts and grants | <u>\$ 51,750</u> | <u>\$101,474</u> |
| Expenditures: | | |
| Instruction | 26,825 | 93,979 |
| Student support services | — | 1,005 |
| Instructional support services | 5,536 | 1,528 |
| General administration | — | 604 |
| School administration | — | 578 |
| Operation/maintenance of plant | <u>—</u> | <u>527</u> |
| Total expenditures | <u>32,361</u> | <u>98,221</u> |
| Cash receipts over expenditures | 19,389 | 3,253 |
| Unencumbered cash balance, beginning of year | <u>52,406</u> | <u>49,153</u> |
| Unencumbered cash balance, end of year | <u>\$ 71,795</u> | <u>\$ 52,406</u> |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394
TEACHER OF THE YEAR AWARD FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

| | <u>Year ended June 30,</u> | |
|--|----------------------------|-----------------|
| | <u>2010</u> | <u>2009</u> |
| Cash receipts: | | |
| Interest | \$ 12 | \$ 19 |
| Expenditures: | | |
| Teacher of the year awards | <u>200</u> | <u>200</u> |
| Expenditures over cash receipts | (188) | (181) |
| Unencumbered cash balance, beginning of year | <u>2,643</u> | <u>2,824</u> |
| Unencumbered cash balance, end of year | <u>\$ 2,455</u> | <u>\$ 2,643</u> |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

MEMORIALS FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

| | <u>Year ended June 30.</u> | |
|--|----------------------------|-----------------|
| | <u>2010</u> | <u>2009</u> |
| Cash receipts: | | |
| Interest | \$ 39 | \$ 56 |
| Expenditures: | | |
| Scholarships | <u>200</u> | <u>200</u> |
| Expenditures over cash receipts | (161) | (144) |
| Unencumbered cash balance, beginning of year | <u>7,757</u> | <u>7,901</u> |
| Unencumbered cash balance, end of year | <u>\$ 7,596</u> | <u>\$ 7,757</u> |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

BOND AND INTEREST FUND

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
- ACTUAL AND BUDGET**

| | Year ended June 30, | | | |
|---|-----------------------|---------------------|---------------------|---|
| | 2010 | | | |
| | 2009 <u>Actual</u> | <u>Actual</u> | <u>Budget</u> | Variance favorable (unfavor- able) |
| Cash receipts: | | | | |
| Taxes and shared revenues: | | | | |
| Ad valorem property tax | \$ 871,333 | \$ 871,597 | \$ 859,500 | \$ 12,097 |
| Delinquent tax | 23,582 | 25,778 | 14,655 | 11,123 |
| Motor vehicle and 16/20M truck tax | 170,962 | 146,552 | 158,861 | (12,309) |
| Recreational vehicle tax | 3,446 | 3,146 | 3,203 | (57) |
| State aid | 984,908 | 1,014,873 | 1,014,873 | - |
| Machinery and equipment State aid | 2,330 | - | - | - |
| Miscellaneous | <u>111</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total cash receipts | <u>2,056,672</u> | <u>2,061,946</u> | <u>\$ 2,051,092</u> | <u>\$ 10,854</u> |
| Expenditures: | | | | |
| Principal | 635,000 | 719,000 | \$ 719,000 | \$ - |
| Interest | <u>1,334,715</u> | <u>1,310,745</u> | <u>1,310,745</u> | <u>-</u> |
| Total expenditures | <u>1,969,715</u> | <u>2,029,745</u> | <u>\$ 2,029,745</u> | <u>\$ -</u> |
| Cash receipts over expenditures | 86,957 | 32,201 | | |
| Unencumbered cash balance, beginning of year | <u>1,343,360</u> | <u>1,430,317</u> | | |
| Unencumbered cash balance, end of year | <u>\$ 1,430,317</u> | <u>\$ 1,462,518</u> | | |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394
CONSTRUCTION FUND
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

| | <u>Year ended June 30,</u> | |
|--|----------------------------|---------------|
| | <u>2010</u> | <u>2009</u> |
| Cash receipts: | | |
| Interest earnings | \$ 13,106 | \$ 3,560 |
| Miscellaneous | — | 54 |
| Proceeds from capital lease obligation | <u>2,084,709</u> | <u>—</u> |
| Total cash receipts | 2,097,815 | 3,614 |
| Expenditures: | | |
| Facility acquisition and construction | <u>2,084,709</u> | <u>15,744</u> |
| Cash receipts over (under) expenditures | 13,106 | (12,130) |
| Unencumbered cash balance, beginning of year | <u>—</u> | <u>12,130</u> |
| Unencumbered cash balance, end of year | <u>\$ 13,106</u> | <u>\$ —</u> |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

ALL AGENCY FUNDS

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS

For the Year Ended June 30, 2010

| <u>Fund</u> | <u>Beginning cash balance</u> | <u>Cash receipts</u> | <u>Cash disbursements</u> | <u>Ending cash balance</u> |
|-----------------------------|-----------------------------------|--------------------------|-------------------------------|--------------------------------|
| Student Organizations: | | | | |
| High School: | | | | |
| Class of 2010 | \$ 906 | \$ 4,969 | \$ 5,875 | \$ - |
| Class of 2011 | 839 | 10,312 | 8,530 | 2,621 |
| Class of 2012 | 496 | 1,159 | 307 | 1,348 |
| Class of 2013 | - | 4,788 | 4,183 | 605 |
| Student council | 1,315 | 14,489 | 15,131 | 673 |
| Keys | 1,331 | 4,855 | 4,869 | 1,317 |
| Band | 2 | - | - | 2 |
| Cheerleaders | 88 | 4,327 | 3,314 | 1,101 |
| Foreign Language | 325 | 1 | 100 | 226 |
| FCA | 105 | 2,580 | 2,196 | 489 |
| Vocal music | 1,628 | 197 | 650 | 1,175 |
| FCCLA | 32 | - | - | 32 |
| National Honor Society | 125 | 390 | 504 | 11 |
| SADD | 302 | 79 | - | 381 |
| Yearbook | 1,705 | 16,883 | 16,936 | 1,652 |
| TSA | 243 | 2,658 | 2,677 | 224 |
| Thespians | 95 | 150 | 162 | 83 |
| RH Lettermen's club | <u>279</u> | <u>1</u> | <u>-</u> | <u>280</u> |
| Total High School | <u>9,816</u> | <u>67,838</u> | <u>65,434</u> | <u>12,220</u> |
| Middle School: | | | | |
| Middle school | | | | |
| Cheerleaders | 1,865 | 350 | - | 2,215 |
| Drama | 1,703 | 2,734 | 2,143 | 2,294 |
| Student book club | 453 | 304 | 392 | 365 |
| Student council | <u>1,307</u> | <u>5,205</u> | <u>4,570</u> | <u>1,942</u> |
| Total Middle School | <u>5,328</u> | <u>8,593</u> | <u>7,105</u> | <u>6,816</u> |
| Intermediate School: | | | | |
| Student council | <u>1,348</u> | <u>424</u> | <u>752</u> | <u>1,020</u> |
| Total Student Organizations | <u>\$ 16,492</u> | <u>\$ 76,855</u> | <u>\$ 73,291</u> | <u>\$ 20,080</u> |
| Sales Tax | <u>\$ 28</u> | <u>\$ 12,340</u> | <u>\$ 12,325</u> | <u>\$ 43</u> |

The accompanying notes are an integral
part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

DISTRICT ACTIVITY FUNDS

STATEMENT OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

For the year ended June 30, 2010

| | <u>Beginning Unencumbered Cash Balance</u> | <u>Prior Year Canceled Encum- brances</u> | <u>Cash Receipts</u> | <u>Expenditures</u> | <u>Ending Unencumbered Cash Balance</u> | <u>Add Outstanding Encumbrances and Accounts Payable</u> | <u>Ending Cash Balance</u> |
|-------------------------------|--|---|--------------------------|---------------------|---|--|--------------------------------|
| Gate Receipts: | | | | | | | |
| High School: | | | | | | | |
| Athletics | \$ 50,934 | \$ — | \$ 114,269 | \$ 109,960 | \$ 55,243 | \$ 2,537 | \$ 57,780 |
| Middle School: | | | | | | | |
| Athletics | <u>5,962</u> | <u>—</u> | <u>13,035</u> | <u>18,084</u> | <u>913</u> | <u>—</u> | <u>913</u> |
| Total gate receipts | <u>56,896</u> | <u>—</u> | <u>127,304</u> | <u>128,044</u> | <u>56,156</u> | <u>2,537</u> | <u>58,693</u> |
| Special Projects: | | | | | | | |
| High School: | | | | | | | |
| Library | <u>—</u> | <u>—</u> | <u>543</u> | <u>543</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Concessions | <u>4,721</u> | <u>—</u> | <u>62,515</u> | <u>63,397</u> | <u>3,839</u> | <u>—</u> | <u>3,839</u> |
| Total High School | <u>4,721</u> | <u>—</u> | <u>63,058</u> | <u>63,940</u> | <u>3,839</u> | <u>—</u> | <u>3,839</u> |
| Middle School: | | | | | | | |
| Building Fundraising | <u>4,242</u> | <u>—</u> | <u>1,529</u> | <u>563</u> | <u>5,208</u> | <u>—</u> | <u>5,208</u> |
| Memory book | <u>1,941</u> | <u>—</u> | <u>5,460</u> | <u>5,376</u> | <u>2,025</u> | <u>—</u> | <u>2,025</u> |
| AR Library | <u>586</u> | <u>—</u> | <u>5</u> | <u>—</u> | <u>591</u> | <u>—</u> | <u>591</u> |
| Library | <u>44</u> | <u>—</u> | <u>801</u> | <u>845</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Concessions | <u>342</u> | <u>—</u> | <u>4</u> | <u>50</u> | <u>296</u> | <u>—</u> | <u>296</u> |
| Total Middle School | <u>7,155</u> | <u>—</u> | <u>7,799</u> | <u>6,834</u> | <u>8,120</u> | <u>—</u> | <u>8,120</u> |
| Intermediate School: | | | | | | | |
| School fund raising | <u>508</u> | <u>—</u> | <u>2,432</u> | <u>1,623</u> | <u>1,317</u> | <u>—</u> | <u>1,317</u> |
| Library | <u>315</u> | <u>—</u> | <u>403</u> | <u>718</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Total Intermediate School | <u>823</u> | <u>—</u> | <u>2,835</u> | <u>2,341</u> | <u>1,317</u> | <u>—</u> | <u>1,317</u> |
| Elementary School: | | | | | | | |
| Student Activity | <u>2,357</u> | <u>—</u> | <u>4,126</u> | <u>3,592</u> | <u>2,891</u> | <u>—</u> | <u>2,891</u> |
| Total Special Projects | <u>15,056</u> | <u>—</u> | <u>77,818</u> | <u>76,707</u> | <u>16,167</u> | <u>—</u> | <u>16,167</u> |
| Total District Activity Funds | <u>\$ 71,952</u> | <u>\$ —</u> | <u>\$ 205,122</u> | <u>\$ 204,751</u> | <u>\$ 72,323</u> | <u>\$ 2,537</u> | <u>\$ 74,860</u> |

The accompanying notes are an integral part of the financial statements.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Rose Hill Unified School District No. 394 (District) is a municipal corporation established in 1909 and is governed by an elected seven-member board. The District provides a full range of educational services including educational programs for grades K-12, community education programs, Special Education, Title I and VI reading and math programs, professional development activities for educators, testing programs, extra-curricular activities, transportation, food services, maintenance and custodial services and general administrative services.

These financial statements present Rose Hill Unified School District No. 394 (the primary government) and its component units. A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate. Such legally separate entities are referred to as component units. The component units discussed in the following paragraphs are included in the District's reporting entity because the primary government is considered financially accountable or the economic resources received and held by the separate organization is entirely for the direct benefit of the primary government.

The Rose Hill Recreation Commission was established pursuant to Kansas Statutes to operate a system of public recreation in Rose Hill, Kansas. The District appoints two of the five members of the Recreation Commission Board. The Rose Hill Recreation Commission taxes are levied under the taxing authority of the District. These taxes are accounted for in the Recreation Commission General Fund and Recreation Commission Employee Benefit and Special Liability Fund of the District. The Rose Hill Recreation Commission may not acquire real property or issue debt without the approval of the District. In addition, any lease entered into by the Rose Hill Recreation Commission may be subject to approval by the District. The fiscal year of the Rose Hill Recreation Commission is from July 1st through June 30th. Separate financial statements may be obtained by contacting the Rose Hill Recreation Commission, 400 S. Rose Hill Road, Rose Hill, Kansas 67133.

The Rose Hill Education Foundation was established January 7, 2003 as a not-for-profit corporation to function exclusively for providing financial support for preserving, maintaining and improving public school education in the Rose Hill School District. The fiscal year of the Rose Hill Education Foundation is from July 1st through June 30th. Separate financial statements may be obtained by contacting the Rose Hill Education Foundation, 104 North Rose Hill Road, Rose Hill, Kansas 67133.

Fund descriptions

The accounts of the District are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. In accordance with state statutes and District resolutions, several different types of funds are used to record the District's financial transactions. For financial reporting, they have been grouped and are presented in this report as follows:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund types

General fund - used to account for all financial resources except those required to be accounted for in another fund. This fund receives a greater variety of taxes and other general revenues than any other fund and these resources also finance a wider range of activities than any other fund of the District.

Special revenue funds - used to account for the proceeds of specified revenue sources that are restricted by law or administrative action to expenditure for specified purposes.

Debt service funds - used to account for accumulation of resources for, and the payment of, interest and principal on general long-term debt.

Capital project fund – used to account for bond proceeds and other resources which are utilized for the acquisition, construction, reconstruction, repair, remodeling, additions to, furnishing and equipping of District buildings.

Fiduciary fund types

Agency funds - used to account for assets held by the District in a trust capacity or as an agent for individuals, private organizations and governmental units.

Basis of accounting

The financial statements are presented on the statutory basis of accounting. The statutory basis is a basis of accounting is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund and an expenditure is recorded in the fund from which the transfer is made. Cash disbursements are recognized when the cash balance of a fund is decreased. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the statutory basis of accounting.

Departure from accounting principles generally accepted in the United States of America

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, expenditures, cash and unencumbered cash balances and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for land, buildings, infrastructure and equipment owned by the municipality are not presented in the financial

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

statements. Also, general long-term debt such as general obligation bonds, temporary notes and compensated absences are not presented in the financial statements.

Budgetary principles

The District is required by state statute to legally adopt annual operating budgets for the general fund, special revenue funds (unless exempted by specific statute) and the debt service fund. Specific special revenue funds exempted from legally adopted budgetary requirements include the Federal Funds Other, Textbook Rental and Student Materials, Contingency Reserve, Kids Klub, Gifts and Grants, Gate Receipts, Special Projects funds, Teacher of the Year and Memorials funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. During the year ended June 30, 2010, the governing body amended the following funds:

| <u>Fund</u> | <u>Original budget</u> | <u>Amended budget</u> |
|---------------------|----------------------------|---------------------------|
| General | \$ 9,858,310 | \$ 9,704,627 |
| Bilingual Education | 15,000 | 30,000 |

Kansas statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures. The General Fund and Supplemental General Fund budgets represent the legal maximum budgets for each fund as determined by the Kansas Department of Education.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year- end except for the Construction Fund appropriations, which are carried forward until such time as the project is completed or terminated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Controls over spending in funds, which are not subject to legal budgets, are controlled by federal regulations, other statutes or by the use of internal spending limits established by the governing body.

Cash and investments

The District maintains a cash and investment pool that is available for use by all funds. The pool has the general characteristics of demand deposit accounts, in that each fund may deposit additional cash at any time and also may withdraw cash at any time without prior notice or penalty. The pooled cash is invested to the extent available in authorized investments. Each fund type's portion of the pool is displayed on the financial statements.

Cash balances in all funds are considered in determining the amount to be invested except for the Teacher of the Year, Memorials and Construction funds which utilize specific investment accounts. All other investment earnings are credited to the Capital Outlay fund.

Investments are reported at fair value and cash deposits are reported at their carrying amount, which reasonably estimates fair value.

Inventories and prepaid items

Inventories and prepaid items which benefit future periods are recorded as expenditures in the year of purchase.

Compensated absences

The sick/personal leave policy of the District provides for certified personnel to earn thirteen days of leave per year with a maximum accumulation of fifty days. Leave days in excess of twenty days, which are designated by the employee, shall be purchased each year by the District at the rate of \$75 per day. After five years of employment with the District, upon termination any employee may be reimbursed up to forty days of accumulated leave time. In addition, all certified employees may donate up to three leave days per year to a sick leave pool. Any certified employee, after utilizing all their existing leave days, may make application for up to thirty days from the sick leave pool, provided there are sufficient days in the sick leave pool. The sick leave pool expires at the end of each fiscal year.

All full-time classified employees of the District earn thirteen days of sick leave per year with a maximum accumulation of twenty days. Any sick leave days in excess of the maximum shall be purchased by the District at 100% of the normal pay rate for each employee. Classified personnel also earn two days of personal leave time each year. Personal leave may be accumulated to five days however, a maximum of two days may be carried to the following year. Classified employees may also participate in the sick leave pool discussed above for certified employees. All classified personnel with less than six years of service earn ten days of vacation pay per year and employees with more than five years of service earn twenty days of vacation pay per year. The maximum carryover per year is twenty days with a total accumulation of not more than forty vacation days.

Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System, which is a cost-sharing multi-employer state wide defined benefit pension plan. The State of Kansas is required to contribute the pension costs which are determined

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

annually by the system's actuary. The contributions received from the State of Kansas and payments made to KPERS are accounted for in the KPERS Special Retirement Contribution Fund.

Early retirement

The District maintains a policy of paying early retirement salary to certain former employees, who qualify, for a period from their early retirement date until age 65. Early retirement is defined under the program as retirement in the year of intended retirement, where the total years of certified employment plus the age of the employee totals 85 or more. In addition, the employee must have at least ten years of employment with the District to qualify for early retirement. A qualified retiree shall be entitled to receive for a maximum of five years \$520 per month until age 65, or is deceased (\$1,040 per month for retirees subsequent to June 30, 2005). Further, retirees shall cease to be eligible for early retirement benefits if they accept a certified staff position with the District. Sporadic daily substitute teaching is not considered regular employment. Should the funding liability for this program become financially unreasonable, the District may terminate the program however, all retirees currently on the program shall continue on the program until the end of their program benefits.

Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District continues to carry commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Reimbursed expenditures

Expenditures in the amount of \$259,917 are classified as reimbursed expenditures in the General Fund. The purpose of these expenditures was to maintain programs which are reimbursed and are exempt from the budget law under K.S.A. 72-6430.

Reimbursed expenditures are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenditures shown in the financial statements meet the following criteria: (1) the related disbursement was made in the current year on behalf of the payee, (2) the item paid for was directly identifiable as having been used by or provided to the payee and (3) the amount of the reimbursed expenditure was directly tied to the amount of the original cash disbursement.

2. DEPOSITS AND INVESTMENTS

At June 30, 2010, the District had the following investments and maturities:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Carrying Value</u> | <u>Investment Maturities (in years) Less than 1</u> | <u>Rating</u> |
|----------------------------------|-------------------|-----------------------|---|---------------|
| Kansas Municipal Investment Pool | \$ 1 | \$ 1 | \$ 1 | S&P AA Af/S1+ |

2. DEPOSITS AND INVESTMENTS (continued)

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of Federal Depository Insurance (FDIC) coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; non-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. All investments must be insured, registered or held by the District or its agent in the District's name. The District has no investment policy that would further limit its investment choices. The rating of the District's investments is noted above.

Concentration of credit risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The District's allocation of investments as of June 30, 2010 is as follows:

| <u>Investments</u> | <u>Percentage of Investments</u> |
|----------------------------------|----------------------------------|
| Kansas Municipal Investment Pool | 100% |

Custodial credit risk – deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2010. At June 30, 2010, the District's carrying amount of deposits was \$6,958,538 and the bank balances were \$7,633,363. The bank balances were held by one bank resulting in a concentration of credit risk. Of the bank balances, \$253,340 was covered by federal depository insurance and \$7,380,023 was collateralized with securities held by the pledging financial institutions' agents in the District's name. The market value of the securities pledged by the District's bank was \$17,190,610 at June 30, 2010.

Custodial credit risk – investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

At June 30, 2010, the District had \$1 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The Board is comprised of the State Treasurer and four additional members appointed by the State Governor. The Board reports annually to the Kansas legislature. State pooled moneys may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten

2. DEPOSITS AND INVESTMENTS (continued)

percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

Component unit cash and deposits

The Rose Hill Recreation Commission (component unit) cash and deposits at June 30, 2010 consisted of interest bearing checking and a certificate of deposit account. At year-end, the carrying amount of the Commission's deposits was \$205,609 and the bank balances were \$209,517. The bank balances were held by one bank resulting in a concentration of credit risk. The bank balances were 100% covered by federal depository insurance at June 30, 2010.

The Rose Hill Education Foundation (component unit) cash and deposits at June 30, 2010 consisted of a non-interest bearing checking account. At year-end, the carrying amount and the bank balance of the Foundation's deposits was \$13,653. The Foundation's deposits were 100% covered by federal depository insurance at June 30, 2010.

3. LONG-TERM DEBT

Changes in long-term liabilities for the District for the year ended June 30, 2010, were as follows:

| <u>Issue</u> | <u>Interest Rates</u> | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Date of Final Maturity</u> | <u>Balance Beginning of Year</u> | <u>Additions</u> | <u>Reductions/ Payments</u> | <u>Balance End of Year</u> | <u>Interest Paid</u> |
|---|-----------------------|----------------------|------------------------|-------------------------------|----------------------------------|---------------------|-----------------------------|----------------------------|----------------------|
| General Obligation Refunding Bonds, Series 2002 | 3-4.10 | 7-1-02 | \$5,950,000 | 9-1-13 | \$ 3,080,000 | \$ — | \$ 625,000 | \$ 2,455,000 | \$ 107,865 |
| General Obligation School Building Bonds, Series 2004 | 4-6.50 | 6-1-04 | 25,514,000 | 9-1-25 | 16,329,000 | — | 54,000 | 16,275,000 | 811,255 |
| General Obligation Refunding Bonds, Series 2007 | 3.70-4 | 4-1-07 | 10,000,000 | 9-1-25 | 9,905,000 | — | 40,000 | 9,865,000 | 391,625 |
| Computer Lease-Purchase | 6.0 | 6-12-09 | 825,960 | 7-15-12 | 601,105 | — | 188,824 | 412,281 | 36,031 |
| Energy Improvement Lease-Purchase | 4.75 | 7-10-09 | 2,084,709 | 6-1-24 | — | 2,084,709 | 109,170 | 1,975,539 | 88,296 |
| Total contractual indebtedness | | | | | 29,915,105 | 2,084,709 | 1,016,994 | 30,982,820 | 1,435,072 |
| Early Retirement | | | | | 499,200 | 62,400 | 130,000 | 431,600 | — |
| Compensated absences | | | | | 784,451 | 464,025 | 457,704 | 790,772 | — |
| Total long-term debt | | | | | <u>\$31,198,756</u> | <u>\$ 2,611,134</u> | <u>\$ 1,604,698</u> | <u>\$32,205,192</u> | <u>\$1,435,072</u> |

General obligation bonds

The General Obligation Refunding Bonds, Series 2002, mature on September 1 in serial amounts to 2013. Bonds maturing in the years 2011 and thereafter may be called for redemption and payment prior to their stated maturity on September 1, 2010 as a whole at anytime, or in part as determined by the issuer on any interest payment date thereafter at a redemption price equal to the par value of the principal amount thereof, plus accrued interest to the redemption date.

The General Obligation School Building Bonds, Series 2004, mature on September 1 in serial amounts to 2026. Bonds maturing in the years 2015 and thereafter may be called for redemption and payment prior to their stated maturity on September 1, 2014 as a whole at

3. LONG-TERM DEBT (continued)

anytime, or in part as determined by the issuer on any interest payment date thereafter at a redemption price equal to the par value of the principal amount thereof, plus accrued interest to the redemption date.

On April 1, 2007 the Board of Education issued in the principal amount \$10,000,000 of General Obligation Refunding Bonds, Series 2007, to advance refund \$9,185,000 of General Obligation School Building Bonds, Series 2004, maturing in the years 2021, 2022, 2023 and 2025. The Series 2007 Refunding Bonds maturing in the years 2018 and thereafter, may be called for redemption and payment prior to their stated maturity on September 1, 2017, and thereafter as a whole or in part at any time, at their par value, plus accrued interest thereon to the redemption date.

Remaining debt service requirements for general obligation bonds will be paid from the debt service fund with future property tax revenues and state financial assistance.

The annual debt service requirements for the outstanding general obligation bonds at June 30, 2010 is as follows:

| Year | Series 2002 | | | Series 2004 | | | Series 2007 | | |
|------|--------------------|-------------------|--------------------|---------------------|---------------------|---------------------|---------------------|--------------------|---------------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2011 | \$ 650,000 | \$ 84,265 | \$ 734,265 | \$ 110,000 | \$ 807,975 | \$ 917,975 | \$ 40,000 | \$ 390,145 | \$ 430,145 |
| 2012 | 685,000 | 58,558 | 743,558 | 175,000 | 802,275 | 977,275 | 40,000 | 388,665 | 428,665 |
| 2013 | 720,000 | 30,800 | 750,800 | 240,000 | 793,675 | 1,033,675 | 40,000 | 387,185 | 427,185 |
| 2014 | 400,000 | 8,200 | 408,200 | 675,000 | 766,638 | 1,441,638 | 40,000 | 385,705 | 425,705 |
| 2015 | - | - | - | 1,200,000 | 935,325 | 2,135,325 | 50,000 | 384,015 | 434,015 |
| 2016 | - | - | - | 1,350,000 | 1,085,450 | 2,435,450 | 50,000 | 382,115 | 432,115 |
| 2017 | - | - | - | 1,480,000 | 1,006,100 | 2,486,100 | 50,000 | 380,215 | 430,215 |
| 2018 | - | - | - | 1,620,000 | 926,750 | 2,546,750 | 50,000 | 378,315 | 428,315 |
| 2019 | - | - | - | 1,775,000 | 841,875 | 2,616,875 | 55,000 | 376,279 | 431,279 |
| 2020 | - | - | - | 1,935,000 | 749,125 | 2,684,125 | 55,000 | 374,106 | 429,106 |
| 2021 | - | - | - | 2,110,000 | 648,000 | 2,758,000 | 60,000 | 371,835 | 431,835 |
| 2022 | - | - | - | 655,000 | 537,750 | 1,192,750 | 1,710,000 | 336,450 | 2,046,450 |
| 2023 | - | - | - | - | 417,750 | 417,750 | 2,550,000 | 252,625 | 2,802,625 |
| 2024 | - | - | - | - | 287,375 | 287,375 | 2,750,000 | 148,000 | 2,898,000 |
| 2025 | - | - | - | 625,000 | 167,875 | 792,875 | - | 93,000 | 93,000 |
| 2026 | - | - | - | 2,325,000 | 58,125 | 2,383,125 | 2,325,000 | 46,500 | 2,371,500 |
| | <u>\$2,455,000</u> | <u>\$ 181,823</u> | <u>\$2,636,823</u> | <u>\$16,275,000</u> | <u>\$10,832,063</u> | <u>\$27,107,063</u> | <u>\$ 9,865,000</u> | <u>\$5,075,155</u> | <u>\$14,940,155</u> |

| Year | Totals | | |
|------|----------------------|----------------------|----------------------|
| | Principal | Interest | Total |
| 2011 | \$ 800,000 | \$ 1,282,385 | \$ 2,082,385 |
| 2012 | 900,000 | 1,249,498 | 2,149,498 |
| 2013 | 1,000,000 | 1,211,660 | 2,211,660 |
| 2014 | 1,115,000 | 1,160,543 | 2,275,543 |
| 2015 | 1,250,000 | 1,319,340 | 2,569,340 |
| 2016 | 1,400,000 | 1,467,565 | 2,867,565 |
| 2017 | 1,530,000 | 1,386,315 | 2,916,315 |
| 2018 | 1,670,000 | 1,305,065 | 2,975,065 |
| 2019 | 1,830,000 | 1,218,154 | 3,048,154 |
| 2020 | 1,990,000 | 1,123,231 | 3,113,231 |
| 2021 | 2,170,000 | 1,019,835 | 3,189,835 |
| 2022 | 2,365,000 | 874,200 | 3,239,200 |
| 2023 | 2,550,000 | 670,375 | 3,220,375 |
| 2024 | 2,750,000 | 435,375 | 3,185,375 |
| 2025 | 625,000 | 260,875 | 885,875 |
| 2026 | 4,650,000 | 104,625 | 4,754,625 |
| | <u>\$ 28,595,000</u> | <u>\$ 16,089,041</u> | <u>\$ 44,684,041</u> |

3. LONG-TERM DEBT (continued)

Capital lease obligations

During 2009, the Board of Education entered into a lease-purchase agreement with a vendor for the purchase of computers. The agreement provides for annual payments, including interest, of \$224,855 through July 2012. The payment due in July 2009 was paid prior to June 30, 2009.

During the year ended June 30, 2010, the Board of Education entered into a lease-purchase agreement with a vendor for the financing of energy improvements. The agreement provides for annual payments, including interest, through June 2024.

The annual requirements to amortize the capital lease obligations outstanding at June 30, 2010, including interest, is as follows:

| <u>Year ending June 30,</u> | <u>Computers</u> | <u>Energy Improve- ments</u> | <u>Total</u> |
|---|-------------------|--------------------------------------|---------------------|
| 2011 | 224,855 | \$ 197,466 | \$ 422,321 |
| 2012 | 224,855 | 197,466 | 422,321 |
| 2013 | — | 197,466 | 197,466 |
| 2014 | — | 197,466 | 197,466 |
| 2015 | — | 197,466 | 197,466 |
| 2016 | — | 197,466 | 197,466 |
| 2017 | | 197,466 | 197,466 |
| 2018 | | 197,466 | 197,466 |
| 2019 | | 197,466 | 197,466 |
| 2020 | | 197,466 | 197,466 |
| 2021 | | 197,466 | 197,466 |
| 2022 | | 197,466 | 197,466 |
| 2023 | | 197,466 | 197,466 |
| 2024 | — | 176,923 | 176,923 |
| Total minimum lease payments | 449,710 | 2,743,981 | 3,193,691 |
| Less amounts representing interest | (37,429) | (768,442) | (805,871) |
| Present value of net minimum lease payments | <u>\$ 412,281</u> | <u>\$ 1,975,539</u> | <u>\$ 2,387,820</u> |

Early retirement plan

The District maintains a policy of paying early retirement salary to certain former employees, who qualify, for a period from the early retirement date until age 65. The District's scheduled payments for those former employees electing early retirement as of June 30, 2010 is as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|---------------------------------|---------------|
| 2011 | \$ 124,280 |
| 2012 | 109,200 |
| 2013 | 77,480 |

3. LONG-TERM DEBT (continued)

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|---------------------------------|-------------------|
| 2014 | \$ 61,880 |
| 2015 | 31,200 |
| 2016 | 18,720 |
| 2017 | 7,800 |
| 2018 | <u>1,040</u> |
| | <u>\$ 431,600</u> |

Arbitrage liability

In 1986, Federal law changed making it illegal for an entity to issue tax-exempt debt, reinvest those proceeds in a tax-deductible instrument, and make an arbitrage profit on the differential in interest rates. A calculation was created which established the methodology for determining if the tax-exempt debt proceeds were invested to yield a profit. If a profit exists, all of that profit must be rebated to the U.S. Treasury. Payments are due every five years and on final redemption date or maturity of the bond issue.

The District has issued bonds since the implementation of the Federal law and such bonds are subject to arbitrage regulations. At June 30, 2010, the District does not have an outstanding liability for arbitrage earnings.

Continuing disclosure requirements

The Securities and Exchange Commission of the United States has adopted Rule 15c2-12 (the Rule) in order to regulate and improve the market for securities (generally Bonds) issued by state and local governmental bodies (Governmental Issuers). The Rule directly regulates only bond underwriters (the parties that purchase bonds with a view to reselling them), but indirectly requires persons committed to support payment of Bonds (Obligated Persons) to make continuing disclosure. The Rule requires that an underwriter, prior to purchasing or selling Bonds in connection with a covered Bond offering, determine that the Governmental Issuer, has undertaken in writing to provide every nationally recognized municipal securities information repository and to the appropriate State information depository, if any, the following:

- By a specified date, annual financial and operating information for the Governmental Issuer for whom financial information or operating data is presented in the official statement (an Annual Information Filing);
- When and if available, audited financial statements for Obligated Persons (Audits);
- In a timely manner, notice of the occurrence of one of eleven material events (a Material Event Filing); and
- In a timely manner, notice of a failure of any person required to provide the Annual Information Filing referred to above, on or before the date specified in the continuing disclosure agreement (Notice of Failure).

3. LONG-TERM DEBT (continued)

The specific continuing disclosure obligations required are set forth in the District's "continuing disclosure instructions" included with its Bond issuance documents. Those documents require the District to provide the Annual Information Filing within 180 days after the end of the District's fiscal year. The District is in compliance with the continuing disclosure requirements at January 27, 2011.

4. INTERFUND TRANSFERS

A summary of interfund transfers by fund for the year ended June 30, 2010 is as follows:

| <u>From</u> | <u>To</u> | <u>Statutory Authority</u> | <u>Amount</u> |
|----------------------|-----------------------|--------------------------------|---------------------|
| General | At-Risk | K.S.A. 72-6409 | \$ 323,395 |
| General | Bilingual Education | K.S.A. 72-6409 | 11,750 |
| General | Capital Outlay | K.S.A. 72-6409 | 245,410 |
| General | Four Year Old At-Risk | K.S.A. 72-6409 | 37,700 |
| General | Drivers Education | K.S.A. 72-6409 | 2,478 |
| General | Special Education | K.S.A. 72-6409 | 1,196,195 |
| General | Contingency Reserve | K.S.A. 72-6409 | 117,920 |
| Supplemental General | At-Risk | K.S.A. 72-6435 | 440,157 |
| Supplemental General | Special Education | K.S.A. 72-6435 | 406,044 |
| Supplemental General | Vocational Education | K.S.A. 72-6435 | 385,299 |
| Supplemental General | Bilingual Education | K.S.A. 72-6435 | 5,000 |
| Supplemental General | Drivers Education | K.S.A. 72-6435 | 3,440 |
| Supplemental General | Four Year Old At-Risk | K.S.A. 72-6435 | 21,474 |
| Supplemental General | Parent Education | K.S.A. 72-6435 | 24,727 |
| | | | <u>\$ 3,220,989</u> |

5. PENSION PLAN

Plan description

The District participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS, 611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603 or by calling 1-888-275-5737.

Funding policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary for participants employed prior to July 1, 2009 and at 6% for new participants employed July 1, 2009 and thereafter. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. State law sets a limitation on annual increases in the contribution rates. The State of Kansas contribution rate for the period from

5. PENSION PLAN (continued)

July 1, 2009 to June 30, 2010 was 8.57% of covered payroll. Included in this rate is the contribution for Group Death and Disability Insurance of 1.0%. From March 1, 2009 through November 30, 2009 and from April 1, 2010 through June 30, 2010 there was a moratorium on the collection of the premium of 1.0% for the Group Death and Disability Insurance rate. Kansas' contributions to KPERS for USD No. 394 employees for the years ending June 30, 2010, 2009 and 2008 were \$588,419, \$583,689 and \$498,022, respectively, equal to the statutory required contributions for each year. The State of Kansas contributions for all school municipalities for the years ending June 30, 2010, 2009 and 2008 were \$355,885,854, \$242,277,363 and \$220,815,154, respectively, equal to the required contributions for each year.

6. COMPLIANCE WITH KANSAS LAW

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) requires the District to record any payment of general state aid that is due to be paid during the month of June and is paid to the District after June 30, as a receipt for the school year ending on June 30th. The following reflects the revenue as required by State statute.

Statutory Revenues and Expenditures – Statutory and Budget For the Year Ended June 30, 2010

General Fund

| | Statutory Transactions | Budget | Variance Favorable (Unfavorable) |
|---|---------------------------|---------------------|--|
| Statutory Revenues: | | | |
| Taxes: | | | |
| Ad valorem property tax | \$ 982,839 | \$ 968,510 | \$ 14,329 |
| Delinquent tax | 27,687 | 16,154 | 11,533 |
| State equalization aid | 7,065,776 | 7,265,778 | (200,002) |
| Special education aid | 1,171,457 | 1,151,000 | 20,457 |
| ARRA stabilization funds | 456,868 | 456,868 | - |
| Reimbursed expenditures | <u>259,917</u> | <u>-</u> | <u>259,917</u> |
| Total statutory revenues | <u>9,964,544</u> | <u>\$ 9,858,310</u> | <u>\$ 106,234</u> |
| Expenditures: | | | |
| Instruction | 5,209,143 | \$ 5,345,206 | \$ 136,063 |
| Student support services | 465,933 | 434,700 | (31,233) |
| Instructional support staff | 361,679 | 344,600 | (17,079) |
| General administration | 36,640 | 23,000 | (13,640) |
| School administration | 717,620 | 787,900 | 70,280 |
| Operations and maintenance | 676,801 | 668,596 | (8,205) |
| Student transportation services | 336,423 | 373,383 | 36,960 |
| Other support services | 225,457 | 223,650 | (1,807) |
| Community service operations | - | - | - |
| Architectural and engineering services | - | - | - |
| Transfers out | 1,934,848 | 1,677,521 | (257,327) |
| Adjustment to comply with Legal Maximum Budget | <u>-</u> | <u>(173,929)</u> | <u>(173,929)</u> |

6. COMPLIANCE WITH KANSAS LAW (continued)

| | <u>Statutory Transactions</u> | <u>Budget</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|-----------------------------------|---------------------|---|
| Legal General Fund budget | \$ 9,964,544 | \$ 9,704,627 | \$ (259,917) |
| Adjustment for qualifying budget credits | <u>—</u> | <u>259,917</u> | <u>259,917</u> |
| Total expenditures | <u>9,964,544</u> | <u>\$ 9,964,544</u> | <u>\$ —</u> |
| Total statutory revenues over expenditures | — | | |
| Modified unencumbered cash, July 1, 2009 | <u>—</u> | | |
| Modified unencumbered cash, June 30, 2010 | <u>\$ —</u> | | |

Statutory Revenues and Expenditures – Statutory and Budget For the Year Ended June 30, 2010

Supplemental General Fund

| | <u>Statutory Transactions</u> | <u>Budget</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|-----------------------------------|---------------------|---|
| Statutory Revenues: | | | |
| Taxes: | | | |
| Ad valorem property tax | \$ 954,160 | \$ 893,899 | \$ 60,261 |
| Delinquent tax | 26,466 | 33,506 | (7,040) |
| Motor vehicle and 16/20M truck tax | 154,168 | 164,942 | (10,774) |
| Recreational vehicle tax | 3,307 | 3,325 | (18) |
| Supplemental state aid | 1,440,494 | 1,940,046 | (499,552) |
| ARRA Stabilization funds | <u>489,421</u> | <u>—</u> | <u>489,421</u> |
| Total statutory revenues | <u>3,068,016</u> | <u>\$ 3,035,718</u> | <u>\$ 32,298</u> |
| Expenditures: | | | |
| Instruction | 629,211 | \$ 227,053 | \$ (402,158) |
| Student support services | 28,905 | 61,500 | 32,595 |
| Instructional support staff | 58,167 | 131,250 | 73,083 |
| General administration | 195,810 | 223,507 | 27,697 |
| School administration | 72,453 | 18,000 | (54,453) |
| Operations and maintenance | 796,297 | 930,500 | 134,203 |
| Student transportation | 9,199 | 12,000 | 2,801 |
| Other support services | 52,094 | 21,100 | (30,994) |
| Community services | 12,633 | 12,000 | (633) |
| Transfers out | 1,286,141 | 1,504,000 | 217,859 |
| Adjustment to comply with Legal Maximum Budget | <u>—</u> | <u>—</u> | <u>—</u> |
| Total expenditures | <u>3,140,910</u> | <u>\$ 3,140,910</u> | <u>\$ —</u> |

6. COMPLIANCE WITH KANSAS LAW (continued)

| | <u>Statutory Transactions</u> |
|--|-----------------------------------|
| Total statutory revenues over expenditures | \$ (72,894) |
| Modified unencumbered cash, July 1, 2009 | <u>105,192</u> |
| Modified unencumbered cash, June 30, 2010 | <u>\$ 32,298</u> |

7. OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the District is required to allow retirees to participate in its group health insurance plan. While each retiree is required to pay the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and their eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid entirely by the insured and there is no cost to the District under this program.

8. TERMINATION BENEFITS

The District provides an early retirement program for certain eligible employees as discussed at Notes 1 and 3. Those eligible under this program may receive benefits from the early retirement election date up to age 65, for retirees prior to July 1, 2006, and for up to five years for retirees subsequent to July 1, 2006. Payments to retired employees under this plan were \$130,000 for the year ended June 30, 2010.

9. ADVANCE REFUNDING

On April 1, 2007 the District entered into an advance refunding transaction whereby it issued \$10,000,000 of General Obligation Refunding Bonds, Series 2007, with interest rates from 3.70% to 4.00%, to advance refund \$9,185,000 of outstanding General Obligation School Building Bonds, Series 2004, with an interest rate of 5.00% (refunded bonds). The net proceeds (after payment of underwriting fees, insurance and other issuance costs) from the General Obligation Refunding Bonds, Series 2007, in the amount of \$9,803,689 were used to purchase U.S. government securities. Those securities, and \$6 in cash, were deposited in an irrevocable trust with the District's escrow agent to provide resources to pay interest on the Series 2004 bonds to September 1, 2014, the redemption date, and to call for redemption the refunded Series 2004 bonds maturing on September 1, 2021, September 1, 2022, September 1, 2023 and September 1, 2025. As a result, the Series 2004 bonds are considered to be defeased and the liability for those bonds has been removed from the District's outstanding debt.

The District advance refunded the Series 2004 General Obligation School Building Bonds to reduce its total debt service payments over the next 19 years by \$483,829 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$364,584.

10. COMMITMENTS AND CONTINGENCIES

At June 30, 2010, the District had outstanding construction commitments related to energy improvements totaling \$208,471 at June 30, 2010.

11. COMPARATIVE DATA

The amounts shown for 2009 in the accompanying budgetary comparison financial statements are included, where practicable, only to provide for comparison with 2010 and are not intended to present all information necessary for a fair presentation in accordance with generally accepted accounting principles. Certain amounts for 2009 have been reclassified to conform to the 2010 presentation.

SINGLE AUDIT SECTION

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2010

| <u>Federal Grantor/Pass Through Grantor/Program Title</u> | <u>Federal CFDA number</u> | <u>Expenditures</u> |
|---|------------------------------------|---------------------|
| Passed Through Kansas State Department of Education: | | |
| Elementary and Secondary Education Act: | | |
| Title I Grants to Local Educational Agencies: | | |
| FY 09-10 | 84.010 | \$ 119,421 |
| Safe and Drug Free Schools and Communities Act: | | |
| FY 09-10 | 84.186 | 3,789 |
| Education Technology State Grants FY 09-10 | 84.318 | 996 |
| Improving Teacher Quality State Grants – Title II Part A | | |
| FY 09-10 | 84.367 | 42,345 |
| Statewide Data Systems | 84.372 | 800 |
| ARRA – State Fiscal Stabilization Fund (SFSF)- Education | | |
| State Grants, Recovery Act | 84.394 | <u>946,289</u> |
| Total U.S. Department of Education | | <u>1,113,640</u> |
| U.S. Department of Agriculture: | | |
| Passed Through Kansas State Department of Education: | | |
| School Breakfast Program | 10.553 | 30,571 |
| National School Lunch Program | 10.555 | 218,854 |
| State Administrative Expenses for Child Nutrition | 10.560 | <u>100</u> |
| Total U.S. Department of Agriculture | | <u>249,525</u> |
| Total Expenditures of Federal Awards | | <u>1,363,165</u> |
| Kansas State Department of Education: | | |
| Parents as Teachers FY 09-10 | N/A | 33,563 |
| School Food Assistance | N/A | 7,294 |
| Mentor Teacher Program Grant | N/A | 1,260 |
| State Safety Program | N/A | <u>3,550</u> |
| Total Expenditures of State Awards | | <u>45,667</u> |
| Total Expenditures of Federal and State Awards | | <u>\$ 1,408,832</u> |

Notes to the Schedule of Expenditures of Federal Awards:

1. Basis of Presentation

This schedule is presented on the modified accrual basis of accounting which is the basis used by the District to present its basic financial statements for governmental funds. The statutory basis of accounting is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash disbursements are recognized when the cash balance of a fund is decreased. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

George, Bowerman & Noel, P.A.

Epic Center 301 N. Main, Suite 1350 Wichita, Kansas 67202 Telephone (316) 262-6277 Fax (316) 265-6150

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education
Rose Hill Unified School District No. 394
Rose Hill, Kansas

We have audited the financial statements of Rose Hill Unified School District No. 394 as of and for the year ended June 30, 2010, which collectively comprise the Rose Hill Unified School District No. 394's basic financial statements and have issued a report thereon dated January 27, 2011. The report on the District's financial statement was an adverse opinion due to the Rose Hill Unified School District No. 394's financial statements being prepared on the statutory basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. However, the report on the District's financial statements prepared on the statutory basis of accounting was unqualified. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Rose Hill Recreation Commission were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rose Hill Unified School District No. 394's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Rose Hill Unified School District No. 394's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Rose Hill Unified School District No. 394's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rose Hill Unified School District No. 394's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Rose Hill Unified School District No. 394 in a separate letter dated January 27, 2011.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "George Bowerman & Noel, P.A." The signature is written in a cursive, flowing style.

Wichita, Kansas
January 27, 2011

George, Bowerman & Noel, P.A.

Epic Center 301 N. Main, Suite 1350 Wichita, Kansas 67202 Telephone (316) 262-6277 Fax (316) 265-6150

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education
Rose Hill Unified School District No. 394
Rose Hill, Kansas

Compliance

We have audited Rose Hill Unified School District No. 394's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Rose Hill Unified School District No. 394's major federal programs for the year ended June 30, 2010. Rose Hill Unified School District No. 394's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Rose Hill Unified School District No. 394's management. Our responsibility is to express an opinion on the Rose Hill Unified School District No. 394's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rose Hill Unified School District No. 394's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Rose Hill Unified School District No. 394's compliance with those requirements.

In our opinion, Rose Hill Unified School District No. 394 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of Rose Hill Unified School District No. 394 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Rose Hill Unified School District No. 394's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and

report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rose Hill Unified School District No. 394's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

George Bowerman & Noel, P.A.

Wichita, Kansas
January 27, 2011

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(continued on next page)

Year ended June 30, 2010

Summary of Auditor's Results

1. The auditor's reports express an adverse opinion on the financial statements of Rose Hill Unified School District No. 394 because it is the District's policy to prepare its financial statements on the statutory basis of accounting which is a basis of accounting that does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Rose Hill Unified School District No. 394, as of June 30, 2010, or the results of its operations for the year then ended.

However, the auditor's reports express an unqualified opinion on the financial statements on the cash and unencumbered cash balances of Rose Hill Unified School District No. 394, as of June 30, 2010, and its cash receipts, cash disbursements and expenditures compared to budget, for the year then ended, and the individual fund financial statements as of and for the year ended June 30, 2010 and the unencumbered cash balances and cash receipts and expenditures on the statutory basis of accounting.

2. No significant deficiencies were disclosed during the audit of the financial statements of Rose Hill Unified School District No. 394.
3. No instances of noncompliance material to the financial statements of Rose Hill Unified School District No. 3694 were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit of Rose Hill Unified School District No. 394.
5. The auditor's report on compliance for the major federal award programs for Rose Hill Unified School District No. 394 expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included:

Program Name

CFDA No.

State Fiscal Stabilization Fund Cluster:

ARRA – State Fiscal Stabilization Fund (SFSF) –
Education State Grants, Recovery Act
(Education Stabilization Fund)

84.394

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Rose Hill Unified School District No. 394 was not determined to be a low risk auditee.

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(continued from previous page)

Year ended June 30, 2010

Findings – Financial Statement Audit

Significant Deficiency

None

Findings and Questioned Costs – Major Federal Award Programs Audit

Significant Deficiency

None

ROSE HILL UNIFIED SCHOOL DISTRICT NO. 394
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2010

Findings – Financial Statement Audit

Significant Deficiency

None

Findings and Questioned Costs – Major Federal Award Programs Audit

Significant Deficiency

None